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SUBJECT: SNAPSHOT OF THE NEW RADA COALITION

Classified By: Ambassador William Taylor for reasons 1.4 (b,d).

SUMMARY

1. (C) The new Rada coalition is a small step in the right direction toward greater political stability in Ukraine. Based on discussions with coalition members, it appears the grouping is likely to continue Prime Minister Tymoshenko's broadly pro-Western policies and would be more amenable to US interests than would have been expected from a coalition that included the more Russia-leaning Party of Regions. In the short-term the coalition will focus on Ukraine's rapidly deteriorating economy and the 2009 budget. President Yushchenko and other coalition opponents retain some options to try to force new elections, or a change of government, but the coalition expresses confidence in its stability. End Summary

WHAT BROUGHT THE FACTIONS TOGETHER

2. (C) Hailed by Prime Minister Tymoshenko as "the end of the political crisis", the new coalition formed by Tymoshenko's BYuT, Our Ukraine-People's Self Defense (OU-PSD), and Rada speaker Volodymyr Lytvyn's bloc will likely continue to follow her broadly pro-Western policies and pragmatic approach to foreign policy. The coalition was formed less on a common policy platform than on political expediency and self-preservation instincts of BYuT and OU-PSD MPs, who believe Yushchenko's time has passed. OU-PSD MP, and early supporter of the coalition, Mykola Katerynychuk told us that he supports many of Yushchenko's positions, but believes that the President has lost his way. Katerynychuk said that the future of his European Party would be in jeopardy if he continued to ally with Yushchenko.

3. (C) Tymoshenko's positions supporting Ukraine's continued Western integration, with an emphasis on the European Union, and eventual NATO membership - after a national referendum - are broadly acceptable to OU-PSD members. Furthermore, the coalition is strongly united by its shared opposition to any changes to the constitution before the December 27, 2009 presidential election and to early parliamentary elections.

4. (C) The coalition appears strong enough to weather the political challenges being leveled by Yushchenko supporters and Party of Regions, however it has yet to articulate a vision for solving Ukraine's big picture challenges. The actual agreement to form a "Coalition of National Development, Stability, and Order" appears to be a collection of campaign slogans about overcoming the economic crisis and making social guarantees, rather than a description of shared political vision or purpose, and it lacks any specifics on how any of its slogans will be accomplished. Ironically, anecdotal discussions with average Ukrainians seem to indicate that Yushchenko's continued opposition bolsters support for the coalition, rather than weakening it.

5. (C) For the immediate moment, the coalition must focus

urgently on legislative efforts to combat the current crisis.

Not surprisingly, Speaker Lytvyn announced that the near-term Rada agenda would focus on shoring up Ukraine's economy and passing a 2009 budget. The coalition is likely to try to limit unpopular cuts in social expenditures, particularly given Tymoshenko's aspirations in next year's presidential elections and promises she has already made to address the effects of the economic crisis.

CHANGES IN THE CABINET TO COME

16. (C) Analysts expect changes in the current composition of the Cabinet, but with little effect on overall government policy. Coalition contacts told us that Yushchenko loyalists in the Cabinet are likely to be replaced. There is also widespread speculation that the Finance Minister and Economic Minister, BYuT members both, will be replaced over their handling of the economic crisis, but perhaps not before the crisis deepens and one or the other could be used as a scapegoat. Pro-coalition OU-PSD MP Volodymyr Arieu told us that his People's Self-Defense group was pushing hard for the Justice Minister's position, and was eyeing the Ministry of Culture. Political prognosticators say that the Transport Minister, as well as the heads of the State Property Fund, State Tax Administration, and State Customs Committee are also likely to go to make room for Lytvyn loyalists and other new faces. Foreign Minister Ohryzko's and Defense Minister Yekhanurov's jobs are considered safe because their positions are nominated by the president.

THREATS TO THE COALITION

17. (C) PM Tymoshenko said that the creation of the new coalition marked the end of Ukraine's political crisis, and Speaker Lytvyn has said that he will "not allow" the Rada to be destabilized. Coalition opponents, however, could consider a number of challenges to the coalition and Tymoshenko's government, including:

- A coalition needs 226 MPs: Coalition opponents argue that, in order to be legitimate, a coalition agreement must bear the signatures of the 226 MPs that support it. The new coalition currently has a minority 212 MPs signed on, including 155 BYuT, 20 Lytvyn bloc, and 37 OU-PSD. However, a Constitutional Court ruling in September 2008 clarified Article 83.6 of the Constitution, governing coalition formation, stating that coalitions are made up of factions, not individuals. Therefore, coalition supporters counter that this ruling allows for a faction majority (in this case 37 of 72 OU-PSD MPs) to commit the entire faction to a coalition. Therefore, the coalition would represent the entirety of the three coalition factions, for a total of 248 MPs. Based on its interpretation of the Court ruling, BYuT is confident that the coalition can prevail in any court challenge.

- Presidential dissolution decree: Based on the same argument that the coalition is not legitimate because it lacks 226 signatories, Yushchenko could reissue his October 2008 decree dissolving the Rada and calling snap elections. BYuT's confidence in its ability to win any court challenge extends to fighting a possible new Yushchenko decree.

- No confidence vote: 226 votes would be needed to win a no-confidence measure, forcing Tymoshenko's resignation and the resignation of the Cabinet of Ministers. While a threat to Tymoshenko's government, a similar no-confidence effort failed in July 2008 when the Communists did not support it. Even if 175 Regions MPs and 35 non-coalition OU-PSD MPs supported such a move, an unlikely prospect, they would need to attract 16 Communists to their side. With the Communists voting with the coalition on most issues since Speaker Lytvyn's December 9 election and their failure to support a similar move last summer, such a scenario appears unlikely.

- Mass MP resignation: The Rada must have at least 300 MPs

to maintain its authority. Presidential Chief of Staff Viktor Baloha is rumored to be lobbying Yushchenko allies and Regions MPs to resign their Rada mandate to force new elections. BYuT and pro-Yushchenko allies did the same in 2007 to help force the September 2007 Rada elections. Political analyst Taras Kuzio told us that Baloha is on a "fool's errand" as MPs are unlikely to give up their seats voluntarily. Pro-Yushchenko OU-PSD MPs fear they won't overcome the 3% parliamentary threshold in snap elections and a sizable number of Regions MPs fear they will be left off their next party list. An amendment to the rules on party list annulment after the 2007 mass resignation stipulates that any vacant seat may be filled by the next member on the party list. It would take some party discipline to keep interested party members waiting on the list from filling seats vacated by resigning MPs. BYuT MP Ostap Semarak dismissed any effort at mass resignations as "a joke."

COMMENT

18. (C) The new coalition may provide a measure of stability in Ukrainian politics during the ongoing economic crisis and in the lead up to the December 2009 presidential election. Politics remains personal in Ukraine, however, driven by personal relationships, public slights, and intersecting economic interests. There is no ideological map to guide political predictions. One thing seems relatively clear: Tymoshenko has gotten the political better of Yushchenko, for now; even his erstwhile allies have begun to write his political obituary. The challenges facing the new coalition are daunting, however, and the mettle of the new coalition will be tested by the deepening economic crisis.
TAYLOR